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**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

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In re : Chapter 11 Case No.  
LEHMAN BROTHERS HOLDINGS INC., *et al.*, : 08-13555 (JMP)  
Debtors. : (Jointly Administered)  
:  
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**STIPULATION AND AGREED ORDER  
TERMINATING OPEN TRADE CONFIRMATION**

TO THE HONORABLE JAMES M. PECK  
UNITED STATES BANKRUPTCY JUDGE:

This Stipulation and Agreed Order (this “Stipulation”) is entered into by and between Lehman Brothers Holdings Inc. (“LBHI”) and its affiliated debtors in the above-referenced chapter 11 cases, including Lehman Commercial Paper Inc. (“LCPI”), as debtors and debtors in possession (together, the “Debtors”), and THL Nortek (Luxembourg) Sarl (“THL Luxco”), and THL Credit Partners, L.P. (“THL Credit”).

**RECITALS**

A. On September 15, 2008 and periodically thereafter (as applicable, the “Commencement Date”), the Debtors commenced with this Court voluntary cases under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The Debtors are authorized to

operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

B. Prior to the Commencement Date, the Debtors were active in the secondary loan market. In this capacity, the Debtors purchased and sold both par and distressed commercial loans.

C. The Debtors' prepetition trades were reflected in various oral and written confirmations (the "Trade Confirmations"). Generally, each Trade Confirmation represented a binding agreement to purchase or sell a position in par or distressed loans at an agreed price. However, the ensuing transaction was not consummated and settled until both counterparties executed formal transfer documentation and the purchaser tendered payment. The interval between a Trade Confirmation and settlement could span several weeks or months.

D. As of the Commencement Date, the Debtors had entered into, but had not yet consummated and settled, hundreds of Trade Confirmations (the "Open Trade Confirmations"). These Open Trade Confirmations are executory contracts subject to assumption or rejection under section 365 of the Bankruptcy Code.

E. On November 14, 2008, the Debtors filed a Motion for an Order Pursuant to Section 365 of the Bankruptcy Code Approving the Assumption or Rejection of Open Trade Confirmations [Docket No. 1541] (the "Open Trades Motion"), in which the Debtors designated most Open Trade Confirmations for assumption, rejection or modification.

F. In the Open Trades Motion, the Debtors designated for assumption an Open Trade Confirmation entered into on September 15, 2008 between LCPI and THL Luxco (the "THL Trade") for the sale of debt of NTK (Nortek) Holdings, Inc. (PIK) ("NTK"). *See*, Exhibit A to the Open Trades Motion, page 2.

G. By objection, dated November 28, 2008 (the “THL Luxco Objection”), THL Luxco has objected to assumption of the THL Trade based upon its contention that LCPI repudiated the trade prior to the Commencement Date.

H. The Debtors, THL Luxco, and THL Credit (the “Parties”) have agreed to resolve the THL Luxco Objection as follows:

**AGREED ORDER**

IT IS HEREBY AGREED AND, UPON COURT APPROVAL HEREOF, IT SHALL BE ORDERED THAT:

1. The THL Trade is hereby terminated and the rights and obligations of the Parties thereunder are hereby finally and fully extinguished, notwithstanding any provision related to the THL Trade that provides for any term or condition to survive the termination or cancellation thereof. The Parties agree that this Stipulation shall constitute or waive any termination notice or provision under any agreement related to the THL Trade.

2. For the avoidance of doubt, this Stipulation is not a rejection of the THL Trade, and neither THL Luxco nor THL Credit shall be entitled to file any claim against the Debtors relating to breach or rejection of the THL Trade.

3. Upon court approval hereof, the THL Luxco Objection shall be deemed withdrawn, with prejudice.

4. Each Party generally releases and discharges each other Party from all causes of action, judgments, damages, costs, expenses, and claims of every kind, nature, and character arising under or related to the THL Trade, its negotiation, execution, performance, any breaches thereof, or its termination.

5. Each person who executes this Stipulation on behalf of a party hereto represents that he or she is duly authorized to execute this Stipulation on behalf of such party.

6. This Stipulation constitutes the entire agreement and understanding of the Parties relating to the subject matter hereof and supersedes all prior agreements and understandings relating to the subject matter hereof.

7. The Court shall retain jurisdiction to resolve any disputes or controversies arising from or related to this Stipulation.

8. This Stipulation shall be governed by the laws of the State of New York, without regard to the application of New York's conflict of law principles.

9. This Stipulation may be executed in multiple counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

10. If this Stipulation is not approved by the Court, it shall be deemed null and void and shall not be referred to or used for any purpose by any of the Parties hereto or any of the other parties in the Debtors' chapter 11 cases. In such event, the Parties shall retain their respective rights regarding the THL Trade.

Dated: December 15, 2008

**ROPES & GRAY LLP**

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Dated: New York, New York  
December 16, 2008

s/ James M. Peck  
UNITED STATES BANKRUPTCY JUDGE